

22 remainder of this Act or the application of such provision to persons
 23 or circumstances other than those to which it is held invalid shall
 24 not be affected thereby."

1 SEC. 2. This Act being deemed of immediate importance shall be
 2 in force and effect immediately upon its passage and publication in
 3 The Times Plain Dealer, a newspaper published at Cresco, Iowa, and
 4 in The Decorah Journal, a newspaper published at Decorah, Iowa.

Approved April 6, 1961.

I hereby certify that the foregoing Act, Senate File 20, was published in The Times Plain Dealer, Cresco, Iowa, April 19, 1961, and in The Decorah Journal, Decorah, Iowa, April 13, 1961.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 227

INSTALLMENT ANNUITY PAYMENTS

H. F. 484

AN ACT relating to the computation of net income for Iowa income tax purposes and authorizing the deduction of certain installment annuity payments.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section four hundred twenty-two point seven (422.7),
 2 Code 1958, is hereby amended by adding thereto the following sub-
 3 section:
 4 "Subtract installment payments received by a beneficiary under
 5 an annuity which was purchased under an employee's pension or
 6 retirement plan when the commuted value of said installments has
 7 been included as a part of the decedent employee's estate for Iowa
 8 inheritance tax purposes."

Approved May 12, 1961.

CHAPTER 228

ALLOCATION OF INTERSTATE INCOME TAX

H. F. 704

AN ACT relating to the allocation of taxable income to Iowa and doing away with reciprocity and establishing a tax credit for income taxes paid to another state.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section four hundred twenty-two point eight (422.8),
 2 Code 1958, is hereby repealed and the following inserted in lieu there-
 3 of:
 4 "Under rules and regulations prescribed by the state tax commis-
 5 sion, net income of individuals, estates and trusts shall be allocated as
 6 follows:
 7 1. The amount of income tax paid to another state or foreign
 8 country by a resident taxpayer of this state on income derived from

9 sources in another state or foreign country shall be allowed as a
 10 credit against the tax computed under the provisions of this chapter,
 11 except that the credit shall not exceed what the amount of the Iowa
 12 tax would have been on the same income which was taxed by the other
 13 state or foreign country. The limitation on this credit shall be com-
 14 puted according to the following formula: Income earned in another
 15 state or country and taxed by such other state or country shall be
 16 divided by the total income of the taxpayer resident in Iowa. Said
 17 quotient multiplied times the net Iowa tax as determined on the total
 18 income of the taxpayer as if entirely earned in Iowa shall be the maxi-
 19 mum tax credit against the Iowa net tax.

20 2. In the case of nonresident taxpayers, if any net income is re-
 21 ceived from a business, trade, profession, or occupation carried on
 22 partly within and partly without the state of Iowa, only such portion
 23 of said net income as is fairly and equitably attributable to that part
 24 of the business, trade, profession, or occupation carried on within the
 25 state of Iowa shall be allocated to Iowa; income from any property,
 26 trust, estate or other source within Iowa shall be allocated to Iowa,
 27 except that annuities, interest on bank deposits and interest-bearing
 28 obligations, and dividends shall be allocated to Iowa only to the extent
 29 to which the same are derived from a business, trade, profession, or
 30 occupation carried on within the state of Iowa.

31 3. Taxable income of resident and nonresident estates and trusts
 32 shall be allocated in the same manner as individuals."

1 SEC. 2. Section four hundred twenty-two point eighteen (422.18),
 2 Code 1958, is hereby repealed.

Approved May 1, 1961.

CHAPTER 229

DISTRIBUTION OF INCOME, SALES AND CORPORATION TAXES

H. F. 305

AN ACT relating to the income, corporation and sales tax including the distribution thereof and making a transfer of funds for the manufacture of registration plates for motor vehicles.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section four hundred twenty-two point sixty-two
 2 (422.62), Code 1958, is amended by adding after the word "treasurer"
 3 in line six (6) a new sentence as follows:

4 "On the effective date of this Act, the treasurer of state shall trans-
 5 fer three hundred fifty thousand (350,000) dollars to the board of
 6 control for the purpose of purchasing supplies and materials and for
 7 the cost of manufacture of motor vehicle registration plates at the
 8 prison industries."

1 SEC. 2. Section four hundred twenty-two point sixty-two (422.62),
 2 Code 1958, is amended by striking from lines six (6) to fourteen (14),
 3 inclusive, all beginning with the words "Ten percent" and ending with
 4 the word "state" and inserting in lieu thereof the following:

5 "The proceeds of the fees, taxes, interest and penalties collected